

## OFFICIAL LETTERHEAD

March 5, 2009

Don Dietrich  
Idaho Commerce and Labor  
P.O. Box 83720  
Boise, ID 83720-0093

Dear Director:

The City of Malad respectfully submits this addendum to our application for an Idaho Community Development Block Grant. Our project has received good news since our application was submitted in November. The final bids for an existing water project came in low giving us this opportunity meet our \$300,000 match requirement with bond funds that USDA has already agreed to purchase. The bond was passed in November 2007 with 83% in favor.

Two questions came up when our application was reviewed. The first question was the status of the land purchase. The land is being purchased with USDA funds. The tank has been sited and the owner is agreeable to selling the identified land to the city. We are just working out the final details and a deed of sale is expected in the next few days. The second question was about the high delinquency payment amount in the financial section. The city staff met with the auditor to get an explanation on the high delinquency dollar amount, \$43,294. The auditor clarified that only \$4,553.73 was actually delinquent; the remainder of the amount was the water billing that ready to be sent out to the citizens for payment at the end of September 2008.

The City has completed a water study approved by DEQ. This study indicates the city is lacking 400,000 gallons of storage. The additional storage is required to allow for the future growth and safety needs of the city.

This application for a \$250,000 grant will eliminate water storage problems for 2,158 persons, of whom 55 percent meet LMI standards. We appreciate your concern and special attention to our grant request.

Sincerely,

Spence Horsley  
Mayor, City of Malad

## CITY OF MALAD ADDENDUM CHECKLIST

**☒ Cover letter, addressed to the department director:**

A cover letter addressed to the department director has been attached to the front of this document.

**☒ Application Information Page:**

An updated Application Information page is attached.

**☒ Budget Page with the approved line items:**

The budget page and approved line items were reviewed and attached to this document. There were no changes to dollar amounts or line items.

**☒ EAC Briefing Page:**

The EAC Briefing page is attached.

**☒ Detailed Cost Analysis Page:**

The Detailed Cost Analysis page submitted with the application was reviewed and is attached to this document. There were no changes. Also attached is the engineer's Opinion of Probable Cost.

**☒ Project and Schedule Page:**

The project schedule was examined by the engineers and the city to insure that all actions, permits, winter shutdown, acquisition and reviews have been determined and scheduled. The schedule is attached along with a bar chart project schedule provided by the engineering firm.

**☒ Design Professional Cost Estimate:**

The engineer's Opinion of Probable Cost is attached with the Detailed Cost Analysis page under the *Costs* tab.

**☒ Provide written evidence of the community's ability to secure the local and other match committed to the project:**

The city is able to provide match as evidenced by the bond passed in November 2006 and the agreement from USDA to purchase the bond. Please see the attachment titled *Project Information* dated May 31, 2007. This document cites an obligation date of June 7, 2007. Also attached is a match letter dated February 20, 2009, from J-U-B Engineers, Inc., the project engineering firm, further documenting the ability to use existing bond funds for the water tank project.

**☒ Documentation of Clear Title**

The City does not yet have clear title to the property. The land is being purchased with USDA funds. The tank has been sited and the owner is agreeable to selling the identified land to the City. The Mayor and the landowner are just working out the final details and a deed of sale is expected in the next few days.

**☒ Water Rates**

Lending Agency Assessment on how Rates were Determined: The underwriting assessment was performed by the leading lending agency, USDA. Please see the attached underwriting documentation indicating a \$37.00 rate.

The Difference in the Rates With and Without ICDBG Funding: With ICDBG funding, the rates will remain at \$37.00 starting and going up from there depending on the size of connection and number of gallons of water used. Without the ICDBG funding, the rates would have to start at \$41.00 and increase from there depending on size of connection and number of gallons of water used. The citizens have a low-to-moderate income percentage of 55 percent. The citizens would be unable to secure the financing needed and would not be able to afford the increased rates.

New Rates: The new rates have been adopted and start with a base of \$37.00 and increase from there. Please see attachment under the Water Rates tab for rate schedule.

**☒ Loan Amount Determination for Fire Station or Infrastructure to Housing Projects:**

Not applicable.

**☒ Fair Housing Documentation**

The Fair Housing Resolution was adopted effective November 11, 2005. It was most recently publicly advertised on April 3, 2008. Please see the attachments to view Affidavit of Publication and Fair Housing Resolution.

**☒ Changes to Scope**

There are no changes to the scope of the project from the original application.

**☒ Questions on Cover Letter**

There are two questions on the cover letter dated January 20, 2009.

The first question is "Has the city acquired the property for the new water storage tank?"

The second item requests "Clarification or explanation of why the high delinquent payment amount (arrears) reflected in the Financial Profile of the application."

Property: The tank has been sited and the owner is agreeable to selling the identified land to the city. The Mayor and the landowner are just working out the final details and a deed of sale is expected in the next few days. The property has not yet been acquired. The land is being purchased with USDA funds.

Delinquent Payment: City staff met with the auditor to get an explanation about the high delinquency dollar amount, \$43,294. The auditor clarified that only \$4,553.73 is actually delinquent; the remainder of the amount was the water billing that was ready to be sent out to the citizens for payment at the end of September 2008.

## Application Information Page

# ICDBG APPLICATION INFORMATION FORM

**Applicant:** City of Malad Chief Elected Official: Mayor Spence Horsley  
Address: 59 Bannock Street, Malad, ID 83252 Phone: 208-766-4160  
**Application Prepared by:** Susan Lorenz, Southeast Idaho Council of Gov. Phone: 208-233-4032 x32  
Address: P.O. Box 6079, Pocatello, ID 83205-6079  
**Architect/Engineer/Planner:** J-U-B Engineers, Inc. Phone: 801-547-0393  
Address: 466 North 900 West Kaysville, Utah 84037

### NATIONAL OBJECTIVE (MARK ONE)

☒ LMI Area      ☐ LMI Clientele  
☐ LMI Jobs      ☐ Slum & Blight  
☐ Imminent Threat

### PROJECT TYPE (MARK ONE)

☒ Public Facility/ Housing      ☐ Community Center  
☐ Economic Development      ☐ Senior Center  
☐ Imminent Threat      ☐ Other

### PROJECT POPULATION TO BENEFIT (PERSONS): (Census/Survey/Clients/Jobs)

**TOTAL # TO BENEFIT:** 2,158

**TOTAL # LMI TO BENEFIT:** 1,187

**% LMI TO BENEFIT:** 55%

**% MINORITY POPULATION:** 2%

**PROJECT DESCRIPTION:** Build a 400,000 gallon concrete storage tank.

SOURCE	AMOUNT	DATE APPLICATION SUBMITTED	RESERVED/ CONDITIONAL AWARD	FUNDS COMMITTED/ CONTRACT AWARD DATE	DOCUMENTATION IN APPENDIX ***
ICDBG	250,000				
Local Cash**	2,000			NA	NA
Local Loan*	300,000	October 2006		June 7, 2007	Exhibit 7
Local Loan*					
USDA-RD Grant	NA				
DEQ Grant	NA				
State Grant	NA				
Foundation Grant	NA				
Private Investment	NA				
<b>TOTAL PROJECT FINANCING</b>	<b>552,000</b>				

\* Identify Loan Source(s): USDA has agreed to purchase \$200,000 already bonded. Date Bond or Necessary and Ordinary Passed: November 8, 2005 with 85% pass ratio. City plans to bond for additional \$100,000.

\*\*Describe In-Kind Match by type: City will pay for audit costs and any legal costs.

**BUDGET****ICDBG BUDGET FORM**

<b>Line Item</b>	<b>ICDBG</b>	<b>City Cash</b>	<b>Bond* (USDA)</b>	<b>Total</b>
<b>Administrative</b>	25,000			25,000
<b>Land, Structures, Rights of Way</b>			40,000	40,000
<b>Engineering</b>	82,000			82,000
<b>Construction</b>	143,000		260,000	403,000
<b>Legal and Audit</b>		2,000		2,000
<b>Planning</b>		0		0
<b>TOTAL COSTS</b>	250,000	2,000	300,000	552,000

\*Identify funding source: USDA has already agreed to purchase the \$300,000 bond.

**BUDGET NARRATIVE**

The project will be funded by Block Grant funds, city cash, a bond which was passed in 2006 for the amount of 2,065,000. The City is contributing \$300,000 that is a loan by USDA supported by a bond passed in November 2007 and \$2,000 in city cash. The ICDBG will contribute \$250,000 to the project. This money will be used to pay for Administration (\$25,000), Engineering services to include design and oversight (\$82,000), and a portion of the construction costs (\$143,000).

City cash will be used to pay for any legal fees that may be required and for an audit. This audit will be conducted when the project is complete.

USDA has already agreed to purchase this bond amount (see attached USDA Project Information). The bond amount of \$300,000 is made available due to bids that have come in lower than anticipated for an existing water improvement project. Final bids for the existing water project already under construction were completed in January 2009. Like the previous bids, they came in lower than expected. These lower bids allowing bond funds (\$300,000) for this tank project to be purchased by USDA without the need for an additional bond. USDA bond funds will pay for the land purchase and part of the construction.

## ECONOMIC ADVISORY COUNCIL

This project is made possible because bids for the existing water improvement project currently under way, came in under estimate, leaving a substantial amount of money available. This unexpected opportunity is being leveraged to finally fund the badly needed tank.

### **The Need**

The City of Malad is in great need of additional water storage. The existing storage tank holds 500,000 gallons of water. The water study shows that the city needs additional storage of 400,000 gallons. The City does not have adequate water for fire suppression. The City also does not have adequate emergency storage. Furthermore, there is insufficient storage for equalization during peak periods of usage. The additional 400,000-gallon tank will address all three of these needs.

The system will pay for itself with user fees. The \$300,000 has already been bonded and USDA has committed to purchase the bonds. Bids for an existing water project came in low. The final bid for the current water project came in January 2009. It also came in low allowing the full amount of \$300,000 to be funded by the existing bond. The final \$2,000 of city cash is being used to pay for legal and audit costs. USDA-RD conducted a rate analysis and determined that a rate of \$37.00 per EDU will cover costs. The city is currently charging \$37 for a ¾ inch meter, \$41.00 for a 1" meter, and on up to \$106.00 for a 4" meter. The amount depends on the size of the water line. After the first 5,000 gallons an additional .60 per 1000 gallons is charged.

### **Local Effort and Commitment**

The environmental review has been conducted and adopted by USDA-RD and IDEQ. Block Grant has issued a Release of Funds based on adoption of the environmental review. A public hearing was held November 12, 2008. The citizens are very much in favor of the project. Both administration and engineering services have been procured. The city conducted a complex income survey in 2005 and determined an LMI percentage of 55%. A fair housing representative has been designated; the City proclaimed April to be Fair Housing Month, and the City's Fair Housing resolution was publicized in April 2008. The city has adopted the International Building Code. In addition, the City has appointed a Section 504/ADA contact person.

### **Local and Regional Economic Impact**

The City of Malad has been on the brink of passing a moratorium on growth because the water system cannot accommodate more users, residential or commercial, until the system is improved. Water storage must be increased an additional 400,000 gallons to meet fire suppression concerns; this will also meet future growth expectations allowing residential, business and industrial connections onto the system.

The city has selected a concrete tank that will allow for lower maintenance costs. Steel tanks require interior and exterior coatings on an ongoing basis. The concrete tank allows the engineers to focus on good design and construction practices to minimize leakage and meet the needs of the city. The cost estimates have been updated and the schedule assumes funding in April, construction start in June and completion in November 2009.

## Detailed Cost Analysis Page

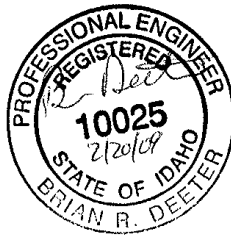
### DETAILED COST ANALYSIS

1. Have preliminary plans and specs been submitted to regulatory agencies for review?  
\_\_\_\_ Yes **XX** No  
If yes, list date submitted: NA  
If no, list expected date to be submitted: April 30, 2009
2. Has final design (for bidding) begun? \_\_\_\_ Yes **XX** No  
If yes, % complete: NA  
If no, what is expected start date: January 01, 2009
3. Will project include bid alternatives to meet project budget as necessary?  
**XX** Yes \_\_\_\_ No
4. Are Davis Bacon wage rates applicable? **XX** Yes \_\_\_\_ No  
If yes, are they included in the project costs? **XX** Yes \_\_\_\_ No
5. Have known environmental measures been included in project budget? (ex. dust mitigation, archeological survey, storm water drainage, wetland mitigation, etc.)  
**XX** Yes \_\_\_\_ No  
The archeological survey is complete and the environmental review has been approved.
6. What percent of contingency has been included in project budget? 10%
7. List the last date the owner and design professional discussed project design and details.  
Date: 01/09
8. Design Professional Cost Estimate may be found in Appendix 8 and as attachment to the addendum.

MALAD CITY  
NEW CONCRETE TANK

OPINION OF PROBABLE COST  
February-09

Description	Unit	Quantity	Unit Price	Total Amount
Tank	GAL	400000	\$ 0.75	\$ 300,000.00
Property Acquisition	LS	1	\$ 45,000.00	\$ 45,000.00
Connection to the System	LS	1	\$ 23,000.00	\$ 23,000.00
Subtotal				\$ 368,000.00
Contingency				\$ 40,000.00
*Engineering				
Grant Admin				\$ 25,000.00
Construction Observation				\$ 40,000.00
City Audit				\$ 2,000.00
TOTAL				\$475,000





## Project and Schedule Page

<b>PROJECT SCHEDULE</b>		
<b>Project Activity</b>	<b>Date (to be) Completed</b>	<b>Documentation in Appendix</b>
Grant Administrator Procured	<b>09/12/06</b>	<b>Exhibit 2</b>
Eng/Architect Procured	<b>07/14/06</b>	<b>Exhibit 3</b>
Other Funding Secured	<b>11/30/06</b>	<b>Exhibit 7</b>
Permits Identified & Secured	<b>10/02/08</b>	<b>Exhibit 14</b>
Public Participation Plan	<b>10/09/07</b>	<b>Exhibit 1</b>
First Public Hearing	<b>10/06 and 10/09/07</b>	<b>Exhibit 1</b>
LMI Income Survey (no survey needed)	<b>NA</b>	<b>Exhibit 4</b>
Environmental Scoping Checklist	<b>10/10/07</b>	<b>Exhibit 5</b>
USDA and DEQ Environmental	<b>July 2007</b>	<b>Exhibit 5</b>
DEQ Environmental		
Fair Housing Proclamation	<b>04/10/2007</b>	<b>Exhibit 6</b>
Fair Housing Resolution	<b>15/15/07</b>	<b>Exhibit 6</b>
Cost Estimates Updated	<b>10/16/08</b>	<b>Exhibit 8</b>
Increased Water Rates	<b>11/27/07 and 01/01/08</b>	<b>Exhibit 13</b>
Sub recipient Agreement Drafted	<b>NA</b>	<b>NA</b>
CDBG Environmental Review Complete	<b>04/09</b>	
Complete 504 Requirements	<b>07/09</b>	
Complete Fair Housing Requirements	<b>09/09</b>	
Bids Advertised	<b>05/09</b>	
Start Construction	<b>06/09</b>	
Second Public Hearing	<b>07/09</b>	
Certificate of Substantial Completion	<b>09/26/09</b>	
Closeout	<b>010/02/09</b>	

Replace with Bar Chart Schedule